

CHILDREN



DEMOCRATIC  
POLICY  
COMMITTEE

SPECIAL REPORT  
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APRIL 26, 2001

REVISED AND  
UPDATED

THE BUSH  
BUDGET AND  
CHILDREN

LEAVING TOO MANY BEHIND

# THE BUSH BUDGET & CHILDREN: LEAVING TOO MANY BEHIND

*– A Revised, Updated Version of Special Report –*

While President Bush has promised to leave no child behind, the Bush budget breaks that promise and leaves many children behind.

First and foremost, the Bush budget puts tax cuts first, precluding important investments in education, health care, juvenile justice and closing the digital divide, among other things. These budget decisions are particularly harmful to children, because millions of families with children would get NO tax cut at all, while much needed improvements in education and health care for children are sacrificed in the Bush budget to pay for these tax cuts.

This report examines the Bush budget, showing how it fails to live up to the Bush promise to be a compassionate conservative committed to leaving no child behind. It looks at the following issues:

- Tax Cuts
- Child Care/Early Learning
- Head Start
- Education
- Health Care
- Nutrition
- Social Services
- Digital Divide
- Juvenile Justice
- Welfare

## ***Bush Tax Cuts Leave One-Third of Families with Children Behind***

The more than \$2 trillion in tax cuts that the Bush budget spends the surplus on leaves many working families behind, despite claims that the tax cut would go to all taxpayers. The reality is that the tax cut will benefit the wealthy while leaving many families with children behind.

According to the Citizens for Tax Justice, 45% of the Bush taxcuts will go to the wealthiest 1% of families.

In contrast, according to the Center on Budget and Policy Priorities, 12.2 million low- and moderate-income families with children – 31.5% of all families – would get NO tax cut. (Some 80% of these families have at least one family member in the workforce.) Further, an estimated 24 million children – or 33.5% of all children – live in families that would receive NO tax reduction if the Bush plan were enacted. Of this total, 10.1 million are white, 6.1 million are black, and 6.5 million are Hispanic.

The six million black and Hispanic families that would receive no benefit from the proposal include 6.1 million black children and 6.5 million Hispanic children — or 55 percent of all black children and 56 percent of Hispanic children. Black and Hispanic children would be more than twice as likely to be left out of a tax cut from the Bush plan as non-Hispanic white children would be.

This is the case because the Bush Administration fails to provide tax relief to low- and moderate-income working families that do not earn enough to owe federal income taxes but pay substantial amounts of payroll and other taxes. Millions of black and Hispanic families fall into this category.

That families with children will not get the tax cuts is only part of the problem. The fact is that the Bush tax cut would consume virtually all of the projected budget surpluses, leaving little for improvements in other areas critical to kids, such as education and health care.

### ***Child Care/Early Learning***

**Child Care.** The need for quality child care is a daily concern for millions of American working parents. Every day, three out of five preschoolers are in child care while their parents work. Child care helps to shape the way children think, learn, and behave for the rest of their lives, but little attention is being paid to the quality of those experiences. Far too many American families with children are not getting what they need because quality programs are often unaffordable and difficult to find.

Despite the importance of child care, the Bush budget reduces resources for existing Child Care and Development Block Grant (CCDBG) projects by \$200 million because — although it increases CCDBG by \$200 million — it creates a new \$400 million set-aside for after-school programs. As a result, fewer young, low-income children would receive child care, making it more difficult for their parents to work. The Bush budget proposes these cuts even though only 12% of eligible children are currently served by the Child Care and Development Block Grant.

We should not take funds from infant and toddler child care to shift to older child care (in after-school programs) when the need in both areas is so great. It makes no sense to “rob Peter to pay Paul” when current funding in both areas falls so short of the need.

**Early Learning Opportunities Program.** The Bush budget eliminates all funding for the Early Learning Opportunities program — a bipartisan initiative enacted last year to provide resources to communities for more responsive early childhood systems, including parent education and family support services. Funding for the program in FY 2001 is \$20 million. This initiative has been particularly championed by Republican Senator Ted Stevens. Indeed, when President Clinton signed the legislation in December, Senator Stevens stated, “I expect our new first lady, Laura Bush, to be a champion of early childhood education.” And yet now President Bush has proposed eliminating the program!

## **Head Start**

Unfortunately, despite promises to leave no child behind, the Bush budget abandons the plan to ensure that one million children receive Head Start by FY 2002. Under the Bush Administration's own estimates, the Head Start program will fall 84,000 students short of that goal in FY 2002.

Funding for Head Start is \$6.2 billion in FY 2001. The Bush budget provides \$6.325 billion for Head Start for FY 2002. But this additional \$125 million is insufficient to increase existing Head Start programs for inflation. Indeed, once various set-asides in the Head Start Act are taken into consideration (i.e. quality funds, early Head Start funding, etc.), let alone inflation adjustments, Head Start will serve fewer children next year. Specifically, the Children's Defense Fund estimates that the President's budget request, if enacted, would mean that Head Start would serve at least 2,500 fewer children next year.

The Bush budget would fail to provide adequate resources despite the fact that already only about 50% of eligible children are able to enroll in Head Start due to lack of funding. Head Start is a comprehensive program that currently helps approximately 916,000 at-risk children, 3 through 5 years of age, to prepare for school and stay healthy by providing education, immunizations, health check-ups and nutritious meals.

## **Education**

***"President Bush's message on education has gone from a shout to a murmur. He will not be able to turn around failing schools with his anemic education budget. ... I remain committed to the kind of education reforms the President and I discussed earlier this year. But education reform without real education resources is not reform at all."***

– Rep. George Miller, Ranking Democrat on Education & Workforce Cmte

**President Bush Proposes the Smallest Increase for Education in Six Years.** To make room for his huge tax cuts, President Bush's budget would provide \$44.5 billion for the U.S. Department of Education – only a \$2.4 billion (or 5.7%) increase and the smallest increase in six years (in percentage terms). Over the last five years, education increases have averaged 13%.

**The Bush Budget Starves Key Education Initiatives.** President Bush provides only a \$2.4 billion increase for education but proposes to spend nearly \$2 billion of that on reading and Pell grants. He leaves only \$400 million for all other education programs—including all other elementary, secondary, and higher education programs, special education, and vocational education—less than the Education Department needs just to keep up with inflation. His budget:

- **Eliminates the Class-Size Reduction Initiative/Underfunds the Commitment to More & Better Teachers.** The Bush budget eliminates the Class Size Reduction Initiative by consolidating class size reduction and Eisenhower professional development. The Bush budget also fails to provide enough funding to continue reducing class size and expand professional development and training for teachers.

The Bush budget provides far less than Democrats have proposed to improve teacher training and continue on the path to put 100,000 quality teachers in the classroom. This year, there are 37,000 teachers funded through the class size reduction program providing smaller classes to 2 million children. Under the Bush budget, many of these teachers may have to be let go.

- **Zeros Out School Modernization.** Instead of moving forward toward modern and safe schools, the Bush budget eliminates the School Renovation Program next year, and retroactively redirects the \$1.2 billion already appropriated for this year to technology and special education. As many as 1,000 schools in disrepair will not be renovated.
- **Breaks Promise on Increase in Pell Grants.** The budget request is \$1.5 billion short of President Bush's campaign proposal to provide \$5,100 Pell grants to low-income freshmen. President Bush proposed a \$1 billion increase for the Pell program – but well over \$500 million is needed just to maintain the maximum Pell grant at \$3,750. As a result, the maximum Pell grant would increase by only \$100 under the Bush budget – from \$3,750 to \$3,850.
- **Freezes Other Student Aid Programs.** The Bush budget freezes at the FY 2001 enacted level (with no increase for inflation) a whole series of student aid programs – including Work-Study, Perkins loans, Supplemental Education Opportunity Grants, and Leveraging Educational Assistance Partnerships (LEAP).
- **Provides Only Modest Increase for Special Education.** In his campaign, President Bush promised to increase resources for special education under the Individuals with Disabilities Education Act, moving toward federal “full funding” at 40% of the average per pupil expenditures. However, the Bush budget increases funding for special education by only \$1 billion -- putting the federal contribution at only 17% of the average per pupil expenditures.
- **Freezes Funding for After-School Programs.** The Bush budget freezes funding for the 21<sup>st</sup> Century Community Learning Centers after-school program at the FY 2001 level – \$846 million – despite the enormous need for expanded after-school programs. Part of the importance of these after-school programs is that they can provide low-achieving students the extra help they need to meet challenging academic standards. These programs are also key to keeping kids off the streets after school, and preventing youth crime, and alcohol and drug use.
- **Freezes Funding for Safe and Drug-Free Schools Program.** The Bush budget also freezes funding for the Safe and Drug-Free Schools program at the FY 2001 level – \$644 million – despite the enormous need for expanded Safe and Drug-Free Schools programs across the country. The Safe and Drug-Free Schools program is a vitally important program – the only federal program providing resources to school districts across the country to combat violence and drug use in the nation's schools.
- **Cuts Educational Technology Funding.** The Bush budget provides \$817 million in FY 2002 for educational technology grants to states. This amount is \$55 million less than the FY 2001 level of \$872 million – a cut of 6.3% below a freeze at the FY 2001

level.

- **Slashes Funding for GEAR-UP.** The Bush budget slashes funding for the GEAR-UP program by 23.1% relative to a freeze at the FY 2001 level – cutting funding from \$295 million in FY 2001 to \$227 million in FY 2002. The GEAR-UP program provides funds to states and local partnerships to help low-income students prepare for college, starting in the 7<sup>th</sup> grade. In FY 2001, approximately 1 million students are receiving services under the program.
- **Cuts Vocational and Adult Education Funding.** The Bush budget reduces funding for appropriated programs for Vocational and Adult Education from the FY 2001 level of \$1.826 billion to \$1.802 billion. This is a cut of \$24 million below a freeze at the FY 2001 level, and a cut of \$41 million below the amount needed to maintain services at the current level.
- **Cuts Library Services.** – The Bush budget proposes \$39 million less for the Office of Library Services than the \$168 million that is being provided this year. Many have been critical of this cut. For example, Emily Sheketoff, executive director of the Washington office of the American Library Association, said “This Administration has a lot of concern about reading, but kids need something to read. If you have a library that has materials that are 10 or 20 or 30 years out of date, kids are going to keep playing video games.”

## ***Health Care***

**Medicaid & S-CHIP.** The latest figures show that 10.8 million children aged 18 and under lacked health care coverage in 1999. Of the 10.8 million uninsured children, 4.4 million were white, 3.4 million were Hispanic, and 2.1 million were black. One in 5 kids has no regular source of health care.

Currently, Medicaid and the State Children's Health Insurance Program (S-CHIP) – designed primarily to help children in working families with incomes too high to qualify for Medicaid but too low to afford private family coverage – help get health care to more than 20 million kids.

Instead of building on Medicaid and S-CHIP coverage for children, the Bush budget proposes the largest single cutback in mandatory programs from changes in the Medicaid and State Children's Health Insurance Program. The budget states “[t]he Administration will also focus over the next few months on Medicaid and S-CHIP and recommend reforms that will improve the way these programs provide health coverage to the poor and near-poor.” The Administration assumes that these reforms will save \$17 billion over the next 10 years.

Specifically, the Bush budget cuts Medicaid spending by \$606 million in 2002 relative to current law. Over five years (2002-2006), Medicaid spending is \$6.9 billion lower than it would be otherwise, and \$17.4 billion lower over 10 years (2002-2011). Further, the budget alludes to replacing Medicaid and S-CHIP with private health insurance through

health care tax credits and other unspecified proposals. However, it is not at all clear that the level of tax credits being discussed would be sufficient to ensure that families with children could purchase health insurance policies with adequate coverage.

**Maternal and Child Health Block Grant.** Despite its importance, the Bush budget cuts the Maternal and Child Health (MCH) Block Grant below this year's level. Specifically, for FY 2002, the Bush budget funds the MCH block grant at \$709 million – a cut of \$5 million below a freeze at the FY 2001 enacted level. The MCH block grant program gives grants to states to develop federal/state systems of services for women before, during and after pregnancy and childbirth; and to reduce infant mortality and provide access to care.

**Healthy Start.** Despite its importance, the Bush budget freezes Healthy Start at the FY 2001 level of \$90 million for FY 2002. The FY 2001 level was also freeze-level funded so the actual purchasing power of this program is reduced for a second year in a row under the Bush budget. The Healthy Start program supports programs to reduce low birth weight, inadequate prenatal care, and other factors contributing to infant mortality, in targeted high-risk communities.

**Training Doctors in Children's Hospitals.** The Bush budget cuts grants to train doctors at children's hospitals by \$35 million – or by 14.9% – below the FY 2001 enacted level. Funding drops from \$235 million in FY 2001 to \$200 million in FY 2002. These funds are currently used by children's teaching hospitals to offset the higher costs of providing advanced training to pediatricians.

## ***Nutrition***

**WIC.** The Bush budget provides \$4.137 billion for the highly-acclaimed Supplemental Nutrition Program for Women, Infants, and Children (WIC) in FY 2002. This program provides vital nutrition assistance to low-income women, infants and children. While the Bush Administration claims this is an increase of \$94 million, when appropriate adjustments are made, according to the Center on Budget and Policy Priorities, the actual increase in the WIC operating level that Bush is requesting is only \$49 million – or 1.2% – which is less than is needed to cover inflation.

Indeed, the following is the Center's conclusion regarding the Bush budget request for WIC for FY 2002: "For the first time in a number of years, an Administration has proposed a budget that provides insufficient funds to serve all eligible low-income women, infants and children who seek WIC nutrition benefits. In fact, the Bush budget would not provide adequate funds to serve next year the number of women, infants and children on WIC today, despite the fact that the number of women, infants and children who are eligible for and in need of WIC is expected to rise in the coming year as a result of higher unemployment."

## ***Social Services***

**Title XX Social Services Block Grant.** The Bush budget provides \$1.7 billion for the Social Services Block Grant (often used by states to serve children and families at risk) – a cut of \$25 million below a freeze at the FY 2001 enacted level – disregarding strong bipartisan congressional support for increasing the Block Grant. The National Governors Association has requested funding of \$2.38 billion for FY 2002 for SSBG, as originally allowed by the 1996 welfare reform legislation. Indeed, the Strengthening Working Families Act recently introduced by a bipartisan group of Senators would set SSBG funding for FY 2002 at this \$2.38 billion level.

**Preventing Child Abuse and Neglect.** The Bush budget cuts grants to help states investigate and prevent child abuse and neglect by \$16 million – or by 47%. Funding for the program would be reduced from \$34 million in FY 2001 to \$18 million in FY 2002. Furthermore, most other child welfare service programs are frozen at the FY 2001 enacted level.

**Community Services Block Grant.** The Bush budget freezes funding for the Community Services Block Grant for FY 2002 at the FY 2001 enacted level of \$600 million – despite increased needs. This program provides grants to states for services to meet employment, housing, nutrition, energy, emergency services, and health needs of low-income children and families.

## ***Digital Divide***

One area where leaving no child behind is particularly important is in access to computers and the Internet – the new gateway to education and information. There is clearly a digital divide in which those who are poor or live in rural areas are in danger of being left behind relative to wealthier residents of urban areas. This problem continues to be most significant for black and Hispanic children. While 46% of white households are connected to the Internet, only 23% of black and 23% of Hispanic households have Internet access.

Studies show that students who have daily access to cutting-edge technology perform better academically. A 1996 study showed that students with Internet access presented school projects in more creative ways and submitted work that was more complete and had better syntheses of different points of views. Exposure to education technology is essential to preparing students for the jobs of the future. Studies continue to confirm that computer proficiency will be important to most jobs in the 21<sup>st</sup> Century.

Yet, the Bush budget proposes to cut the Commerce Department's Technology Opportunities Program by two-thirds – from \$46 million in FY 2001 to \$16 million in FY 2002. This program provides computers and Internet access to poor and underserved areas. This cut in the Bush budget signals a retreat from efforts to encourage Internet use among minorities, the poor, and people in rural areas.

Furthermore, many are concerned about the changes in the E-rate program included in the Bush budget. In the budget, President Bush proposes expanding the scope of the \$2.5 billion E-rate program to include other education-related expenses, in addition to Internet



wiring for schools. Typical has been the following comment: “To propose to expand the E-rate in such a way undermines the program,” said Rich Hershman, who heads the Education and Library Networks Coalition. Hershman and other proponents of E-rate fear that the Bush proposal would reduce the amount of money available for providing discounted Internet wiring to schools and libraries.

## ***Juvenile Justice***

Within the Justice Department, the Bush budget slashes assistance to state and local law enforcement by \$1 billion (or by 19%) – cutting appropriations from \$5.16 billion in FY 2001 to \$4.19 billion in FY 2002. This drastic cut of \$1 billion includes a cut of \$271 million in COPS grants used for hiring new community police officers – cutting the grants from \$591 million in FY 2001 to \$320 million in FY 2002. The Bush budget is cutting these COPS grants even though, over the last six years, the COPS program has succeeded in making our communities and our young people safer – slashing crime rates all across the country.

In addition, this drastic cut of \$1 billion in assistance to state and local law enforcement includes such cuts in programs within the Justice Department’s Office of Juvenile Justice and Delinquency Prevention as the following:

- c A cut in general juvenile justice and delinquency prevention grants from \$183 million in FY 2001 to \$139 million in FY 2002;
- c A cut in gang-free schools and communities grants from \$18 million in FY 2001 to \$12 million in FY 2002;
- c A cut in state challenge activities grants from \$12 million in FY 2001 to \$10 million in FY 2002;
- c A cut in mentoring grants from \$23 million in FY 2001 to \$16 million in FY 2002;
- c A cut in incentive grants for local delinquency prevention from \$120 million in FY 2001 to \$95 million in FY 2002;
- c A cut in victims of child abuse grants from \$10 million in FY 2001 to \$8 million in FY 2002; and
- c A cut in drug reduction program grants from \$23 million in FY 2001 to \$11 million in FY 2002.

Furthermore, the Bush budget eliminates a \$60 million grant program to the Boys and Girls Clubs of America to operate clubhouses in public housing projects and high-crime areas in cooperation with local police. Washington Post columnist David Broder commented on this Bush proposal to eliminate this funding as follows: “I have seen these clubhouses in Chicago and other cities and have heard cops talk about how juvenile crime drops when teens have a place to go for healthy exercise or classes and tutoring during after-school hours. Few of them would suggest the need for such clubs has been exhausted.”

## ***Welfare***

Temporary Assistance for Needy Families (TANF) funds currently provide cash assistance, child care, and other anti-poverty services to families with children. More than 6 million children – or 9% of all children – live in families receiving TANF. The Bush budget permits states to divert federal TANF funds to offset revenue losses from the Bush proposal to create new state income tax credits for charitable contributions. However, the Bush budget does not provide additional TANF funds to cover spending associated with this initiative. The Bush budget could result in real cuts in TANF funds going to families and their kids.

## ***Conclusion***

While the President has talked a great deal about compassionate conservatism and leaving no child behind, his budget fails to live up to his promises. Unfortunately, the Bush budget appears to put children, who are the key to our success, behind a package of over \$2 trillion in tax cuts. This means not only that America's children will not get critical new services, but will actually lose existing services they rely on for food, health, safety, and education.